

**FILED**

**MAY 11 2009**

**STATE OF INDIANA**

**INDIANA UTILITY REGULATORY COMMISSION**  
**INDIANA UTILITY  
REGULATORY COMMISSION**

**IN THE MATTER OF THE  
EMERGENCY PETITION FOR  
INVESTIGATION OF AND  
AUTHORITY TO CHANGE RATES  
AND CHARGES OF OLD STATE  
UTILITY CORPORATION**

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**CAUSE NO. 43627**

**PREFILED TESTIMONY**

**OF**

**HAROLD H. RICEMAN - PUBLIC'S EXHIBIT #1**

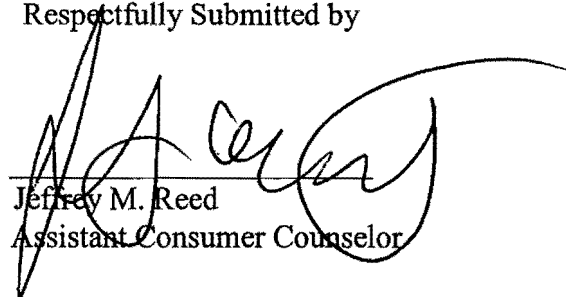
**ROGER A. PETTIJOHN - PUBLIC'S EXHIBIT #2**

**ON BEHALF OF**

**THE INDIANA OFFICE OF UTILITY CONSUMER COUNSELOR**

**MAY 11, 2009**

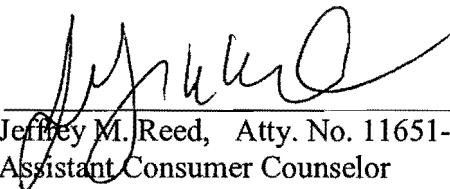
Respectfully Submitted by

  
Jeffrey M. Reed  
Assistant Consumer Counselor

## **CERTIFICATE OF SERVICE**

This is to certify that a copy of the foregoing has been served upon the following parties of record in the captioned proceeding by electronic mail on May 11, 2009.

Charles W. Beacham  
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Evansville, IN 47711  
Beachamc@aol.com



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**TESTIMONY OF HAROLD H. RICEMAN  
CAUSE NO. 43627  
OLD STATE UTILITY CORPORATION, INC.**

**I. Introduction**

1   **Q:   Please state your name and business address.**

2   A:   My name is Harold H. Riceman and my business address is 115 W. Washington St., Suite  
3       1500 South, Indianapolis, Indiana 46204.

4   **Q:   By whom are you employed and in what capacity?**

5   A:   I am employed by the Indiana Office of Utility Consumer Counselor ("OUCC") as a  
6       Utility Analyst I in the Water/Wastewater Division.

7   **Q:   Please describe your background and experience.**

8   A:   I graduated from Butler University in Indianapolis, Indiana in May, 1968, with a  
9       Bachelor of Science degree, majoring in accounting. In June, 1968 I accepted a position  
10      with Citizens Gas & Coke Utility as a Junior Accountant. I held accounting positions in  
11      both the Property Records and General Ledger sections of the Utility, retiring as a  
12      Systems Applications Coordinator in September, 2001. In February, 2004 I accepted an  
13      accounting position with the State of Indiana in the Family and Social Services  
14      Administration. In January, 2006 I accepted a position as a Utility Analyst with the  
15      OUCC. Since joining the OUCC I have attended the NARUC Eastern Utility Rate  
16      School in Clearwater Beach, Florida, and other related training.

1   **Q:   Have you testified previously before the Indiana Utility Regulatory Commission**  
2       **("IURC" or "Commission")?**

3   A:   Yes.

4   **Q:   What is the purpose of your testimony?**

5   A:   I address Petitioner's proposed rate increase and specific revenue requirements. I  
6       propose *pro forma* adjustments to certain test year operating revenues and expenses.

7   **Q:   What have you done to prepare for your presentation of testimony in this**  
8       **proceeding?**

9   A:   I read Petitioner's pre-filed testimony, and conducted a financial review of its books and  
10       records as they relate to this rate case. I also read ratepayer comments (see RAP  
11       Attachment 1), and reviewed Petitioner's annual reports filed with the IURC. Finally, I  
12       attended several meetings with other OUCC staff members to identify and discuss the  
13       issues in this cause.

14   **Q:   Are you sponsoring any schedules?**

15   A:   Yes. The attached schedules reflect the issues and testimony of the OUCC witnesses in  
16       this Cause. I am sponsoring the following accounting schedules.

17       Schedule 1 – Revenue Requirement and Gross Revenue Conversion Factor

18       Schedule 2 – Comparative Balance Sheet as of December 31, 2008, 2007, and 2006

19       Schedule 3 – Comparative Income Statement for the Years Ended December 31, 2008,  
20                 2007 and 2006.

21       Schedule 4 – *Pro Forma* Net Operating Income Statement

22       Schedule 5 – Revenue Adjustment

23       Schedule 6 – Expense Adjustments

24       Schedule 7 -- Proposed Tariff

## **II. General Overview**

1   **Q:    What is Petitioner requesting in this Cause?**

2   A:    Petitioner has proposed several different scenarios depending upon the rate charged by its  
3       wastewater treatment provider, the City of Evansville ("EWSU"). Generally, Petitioner  
4       requests authority to change its current flat rate structure to a volumetric one based upon  
5       water consumption as measured by EWSU. Based upon EWSU's current billing  
6       practices, Petitioner is requesting a volumetric rate of \$13.90 per 1,000 gallons of water  
7       consumption. Although Petitioner never states the percent increase it is requesting,  
8       assuming an average consumption of 5,000 gallons per month, yields a monthly charge of  
9       \$69.50 which equates to a 70% increase over the current flat rate of \$40.79.

10   **Q:    Does the OUCC agree with Petitioner's request?**

11   A:    No. Although the OUCC agrees that there should be a volumetric component to  
12       Petitioner's rate structure, we do not agree that all of Petitioner's revenues should be  
13       based on consumption.

14   **Q:    What rate structure does the OUCC recommend?**

15   A:    The OUCC recommends a rate structure based on a flat monthly rate to recover any  
16       authorized return on investment as well as the Utility's operating and maintenance  
17       expenses (excluding the purchased sewer treatment charges billed by EWSU). The  
18       OUCC recommends a volumetric rate be added to Petitioner's tariff to recover the sewer  
19       treatment charges from the City of Evansville.

### **III. Revenue Requirements**

1 **Q: Briefly describe how rates are determined for an investor-owned utility such as Old**  
2 **State Utility Corporation.**

3 A: For an investor-owned utility, rates are calculated by first determining the return on the  
4 utility's used and useful investment (also known as rate base). This calculation  
5 determines what the net operating income should be in order to provide an opportunity  
6 for a reasonable return to the shareholders on their investment. Next, a determination is  
7 made as to the amount of the adjusted (*pro forma*) present net operating income based on  
8 the utility's current rates. This determination is based upon the known, historical test  
9 year revenues and expenses updated to include changes that are fixed within the time  
10 period (12 months from the end of the test year – 12/31/08), known to occur, and  
11 measurable in amount.

12 By subtracting the present rate net operating income (determined through the adjustment  
13 process) from the required return (determined by the return on rate base), one can  
14 determine the dollar amount of the increase needed to achieve the net operating income  
15 that is expected to provide a reasonable return to the shareholders. The increase to net  
16 operating income is then "grossed up" for taxes and fees related to the increased revenue  
17 and income. This process can be seen on Schedule 1, page 1 attached to this testimony.

#### **Petitioner's Request**

18 **Q: What increase has Petitioner requested in this cause?**

19 A: As discussed above, Petitioner does not reduce its request to a specific percentage.  
20 Petitioner's request is not based upon any traditional rate making methodology but

instead calculates its current operating expenses and divides this amount by its customers' test year water consumption (as measured by EWSU) to arrive at a rate per 1,000 gallons of \$13.90 (based on EWSU's current billing practices).

### **OUCC's Recommendation**

**Q: What is the OUCC proposing in this cause?**

A: The OUCC is proposing both a flat monthly fee and a volumetric fee be authorized in this case. The OUCC's review indicates an overall across-the-board rate increase of 31.06% would be warranted based on an average consumption of 5,000 gallons. This increase is calculated as follows:

Proposed flat rate per dwelling unit	\$	21.51
Meter Charge (\$/8" meter)		3.65
Volumetric rate	\$	5.66
Times: 5,000 Gallons		<u>5</u>
		28.30
Total Proposed Rate	\$	<u>53.46</u>
Current flat rate per dwelling unit		<u>40.79</u>
Proposed Increase		<u><u>12.67</u></u>
Percent Increase		<u><u>31.06%</u></u>

### **Rate Base**

**Q: What rate base has Petitioner proposed in its case-in-chief?**

A: Petitioner's case-in-chief does not propose any rate base amount<sup>1</sup>.

<sup>1</sup> Although Mr. Beacham uses the term "rate base" in his testimony, the OUCC believes he is not referring to utility plant but rather to base rates.

1    **Q:    What rate base does the OUCC propose?**

2    A:    The OUCC considers the rate base to be zero.    Petitioner's current owner, Mr. Charles  
3       Beacham, paid \$1 to purchase the utility in November, 2006. The condition of the utility  
4       at that point was severely deteriorated. Since that point in time, Mr. Beacham has made  
5       no additional investment in the utility. Without any investment, it is unreasonable to  
6       declare any rate base.

7    **Q:    Has the OUCC included working capital in its calculation of rate base?**

8    A:    No. Just as there has been no investment in the utility plant infrastructure, there has been  
9       no discernible investment in working capital. Therefore, the OUCC proposes that is  
10       unreasonable for Mr. Beacham to earn a return on an investment that he has not made.

11   **Q:    Has the OUCC proposed a specific return on capital and a capital structure?**

12   A:    No. The OUCC takes the position that the utility has no rate base, so a capital structure  
13       and return on capital are unnecessary. If the Commission ultimately decides that a return  
14       on capital is appropriate, the OUCC recommends that the cost of capital not exceed ten  
15       percent.

#### **IV.   Pro Forma Net Operating Income**

16   **Q:    Please explain the purpose of the OUCC's accounting schedules in this Cause.**

17   A:    The accounting schedules prepared by the OUCC in this Cause represent the calculation  
18       of the proposed flat monthly rate to recover all of the Utility's operating and maintenance  
19       expenses except for the sewer treatment fees charged by the City of Evansville. As  
20       discussed previously, the fees charged Evansville will be recovered through a volumetric



rate that exactly duplicates the volumetric rates charged by Evansville.

**Q: When looking at Net Operating Income, what schedules refer to details of *pro forma* adjustments to test year amounts?**

**A:** Schedules 4, 5, and 6 provide detail of *pro forma* adjustments to test year amounts.

Schedule 4 is the *pro forma* net operating income statement. It shows the test year revenues and expenses, the adjustments to test year amounts, and the resulting *pro forma* operating income under current rates. The second column of adjustments shows the revenue increase or decrease necessary to achieve the required net operating income. It also shows the expenses that will change due to the change in revenue. Schedule 5 provides the detail for the *pro forma* revenue adjustments to test year amounts. Schedule 6 provides the detail for *pro forma* operating adjustments to test year amounts.

### **Revenue Adjustments**

**Q: What adjustments to test year revenue did Petitioner propose?**

**A:** Petitioner did not propose any adjustments to test year revenues.

**Q: Did the OUCC propose any revenue adjustments?**

**A:** Yes. Petitioner maintains its books and records using the cash basis. In this case, that causes the utility's test-year revenues to be overstated because test year revenues include amounts collected that were due from periods outside the test year. The OUCC proposes to normalize test year revenues for current equivalent dwelling units. The OUCC calculated total EDUs, based on information provided by the utility as follows:

Residential Customers	138
Church	2
Shopping Center	9
	<u>149</u>

1 Total EDU's billed (149) times present flat rate revenues (\$40.79) equal *pro forma*  
2 monthly revenues of \$6,078. *Pro forma* annual revenues of \$72,936 (\$6,078 x 12) less  
3 test year revenues of \$74,467 yield a decrease in revenues of \$1,531. (Schedule 5,  
4 Adjustment 1).

### **Operating Expense Adjustments**

5 **Q: Did Petitioner propose any operating expense adjustments?**

6 A: Petitioner did not provide any schedule showing specific adjustments proposed to test  
7 year operating expenses. On page 9 of Mr. Beacham's testimony, he states that annual  
8 operating and maintenance expenses based upon EWSU's current billing practices  
9 ("retail sewage rates") are \$142,065. On page 5, Q-16, of Ms. Roth's testimony, she  
10 states that she agrees with Mr. Beacham's calculation of \$13.90 per 1,000 gallons which  
11 is based on costs of \$142,065. However, the OUCC was unable to verify what this  
12 number is based upon or what adjustments it includes. Per Exhibit RFR-VS-1 attached to  
13 the testimony of Ms. Roth, the schedule titled "Old State Utility Corporation, Proforma  
14 Financial Statements based on Current Retail" (under tab labeled "Exhibit I"), operating  
15 expenses based on the accrual method are as follows:

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Sewer Charges	\$ 57,940	\$ 63,977	\$ 63,977	\$ 63,977
Expenses	<u>73,625</u>	<u>73,327</u>	<u>73,520</u>	<u>61,719</u>
Total	<u>\$ 131,565</u>	<u>\$ 137,304</u>	<u>\$ 137,497</u>	<u>\$ 125,696</u>

1 No explanation is provided in testimony for the difference in the number used by Mr.  
2 Beacham (\$142,065) and the numbers included in the schedules of Ms. Roth. The OUCC  
3 subsequently sought an explanation via e-mail, but received no response. Petitioner  
4 provides no explanation or evidence to support any adjustments it is proposing to  
5 operating and maintenance expenses.

6 **Q: Does the OUCC propose any operating and maintenance expense adjustments?**

7 A: Yes. The majority of the OUCC's operating and maintenance expense adjustments  
8 eliminate either non-recurring expenses or non-utility expenses. The OUCC proposes  
9 adjustments for the following operating and maintenance expenses:

- 10 • Telephone expense
- 11 • Director fees
- 12 • Legal fees
- 13 • Bank charges
- 14 • Repairs and maintenance
- 15 • Utilities
- 16 • Non-recurring expenses
- 17 • Rate case expense
- 18 • Purchased Sewer
- 19 • IURC Fee
- 20 • Depreciation Expense
- 21 • Utility Receipts Taxes

**Telephone Expense:**

1    **Q:    Please explain the OUCC's proposed adjustment for telephone expense.**

2    A:    During the test year, Petitioner expensed \$1,266 of telephone charges, including 50% of  
3        the costs related to Mr. Beacham's cable TV as well as his internet access. The OUCC's  
4        *pro forma* telephone expense of \$228 (\$19 x 12) was calculated based on the monthly  
5        cost of one telephone line (\$17) and the associated taxes and fees (\$2). Schedule 6,  
6        Adjustment 1 yields a *pro forma* decrease to operating expenses of \$1,038.

**Director Fees:**

7    **Q:    Please explain the OUCC's proposed adjustment for director's fees.**

8    A:    During the test year, Petitioner expensed \$3,600 of director's fees. The OUCC  
9        eliminated these fees because they provide no benefit to ratepayers. OUCC Schedule 6,  
10       Adjustment 2 yields a *pro forma* decrease to operating expenses of \$3,600.

**Legal Fees:**

11   **Q:    Please explain the OUCC's proposed adjustment for legal fees.**

12   A:    During the test year, Petitioner expensed \$32,789 of "legal fees". This amount included  
13        \$30,500 charged by Mr. Beacham for various activities including the Utility's ongoing  
14        dispute with the City of Evansville and the Evansville Water and Sewer Utility. It also  
15        includes \$2,039 related to bankruptcy proceedings and \$250 related to other non-  
16        recurring activities (opt-out procedure). The OUCC reviewed all of Mr. Beacham's  
17        legal invoices but there was limited information and no detail provided, and it appears  
18        that Mr. Beacham is billing all of his time, regardless of activity, at \$200 per hour. It is  
19        difficult to determine how much of the time charged is for actual "legal" work and how

1 much is related to day-to-day utility matters. It is unreasonable to compensate Mr.  
2 Beacham at \$200 per hour for the performance of routine utility matters such as fielding  
3 calls from the Indiana Underground Plant Protection Service, engaging Hydromax and  
4 other vendors, discussions with the accounting firm, etc. Petitioner has provided no  
5 evidence regarding how much of the test year "legal fees" relate to recurring utility legal  
6 matters. Therefore, the OUCC eliminated all legal fees from operating expenses.  
7 Schedule 6, Adjustment 3 yields a *pro forma* decrease to operating expenses of \$32,789.

8 **Q: Does the OUCC have any other concerns regarding Petitioner's legal costs?**

9 A: Yes. These concerns relate to Mr. Beacham's decisions to pay himself for "legal fees"  
10 before paying necessary operating expenses, asserted outstanding legal fees still due, and  
11 affiliated agreements.

12 **Q: Please explain the OUCC's concerns regarding payment of legal fees.**

13 A: Mr. Beacham purchased Old State Utility in November, 2006. During 2007 no payments  
14 were made to EWSU for sewer treatment services. Instead, \$48,600 was paid to Beacham  
15 & Associates for "legal services". During 2008, only \$21,000 was paid to EWSU (and  
16 those were made pursuant to an order by the Bankruptcy Court) while he paid himself  
17 \$30,500. Since the Bankruptcy Court dismissed the bankruptcy proceedings, Mr.  
18 Beacham has made no additional payments to EWSU. It is unconscionable for Mr.  
19 Beacham to pay himself before paying legitimate operating and maintenance expenses of  
20 the Utility. Mr. Beacham has made no investment in the utility and has stated to

1 customers that “no funds are available for repair of the system”<sup>2</sup> while at the same time  
2 paying himself. This behavior should not be condoned or rewarded.

3 In addition, per the December, 2008 legal invoice, Beacham & Associates alleges that  
4 Old State Utility has a balance due of \$71,990 for legal services provided during 2007  
5 and 2008. The OUCC is concerned that if and when a rate increase is authorized for Old  
6 State Utility, Mr. Beacham will use the funds to pay himself the monies that are allegedly  
7 due rather than paying legitimate utility operating and maintenance expenses.

8 **Q: Please explain the OUCC's affiliated contract concerns.**

9 A: There is a November 29, 2006 agreement between Old State Utility and Beacham &  
10 Associates for the provision of legal services. Both of these entities are controlled by Mr.  
11 Beacham, and as such, this agreement should have been filed with the IURC pursuant to  
12 its rules regarding affiliated agreements. It was not. This is problematic because the  
13 agreement was never reviewed for reasonableness by the OUCC and IURC.

**Bank Charges:**

14 **Q: Please explain the OUCC's proposed adjustment for bank charges.**

15 A: During the test year, Petitioner expensed \$1,660 of bank charges from Old National Bank  
16 and \$299 from Fifth Third Bank. The OUCC eliminated all charges from Fifth Third  
17 Bank for two reasons: (1) Most of the Fifth Third charges relate to unauthorized use of  
18 Mr. Beacham's debit card and (2) Only one bank account is necessary for the operation  
19 of the utility. The OUCC also eliminated a \$120 research fee from Old National Bank

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<sup>2</sup> See letter from OSU customer Ms. Charlene King included as part of RAP Attachment 1.

1 which is a non-recurring expense. Schedule 6, Adjustment 4 yields a *pro forma* decrease  
2 to operating expenses of \$419 ( $\$299 + \$120$ ).

**Repair and Maintenance Expense:**

3 **Q: Please explain the OUCC's proposed adjustment for repair and maintenance**  
4 **expense.**

5 A: During the test year, Petitioner paid \$2,927 for repairs and maintenance although the  
6 actual expense was much greater. Petitioner owes another \$2,231 ( $\$5,158 - \$2,927$ ) on  
7 recorded test year invoices as well as an additional \$6,126 for invoices not recorded  
8 during the test year. Together these invoices total \$11,284 of repair and maintenance  
9 costs during the test year. The OUCC's *pro forma* repair and maintenance expense  
10 calculation is based on the testimony of OUCC witness Roger Pettijohn who determined  
11 that \$25,000 per year would cover root cutting and jet cleaning as needed, some smoke  
12 testing, and televising and reacting to emergencies such as blockages or cave-ins.  
13 Schedule 6, Adjustment 5 yields a *pro forma* increase to operating expenses of \$22,073  
14 ( $\$25,000 - \$2,927$ ).

15 **Q: Does the OUCC have any concerns related to funds being provided for repairs and**  
16 **maintenance?**

17 A: Yes. The OUCC is concerned that Petitioner will not actually use these funds for the  
18 intended purpose -- repair and maintenance of the wastewater collection system. The  
19 OUCC proposes that these funds be restricted solely for repairing and maintaining the  
20 wastewater collection system and that Petitioner be required to submit quarterly reports to  
21 the IURC and the OUCC demonstrating how the funds have been used.

**Utilities Expense:**

1   **Q:     Please explain the OUCC's proposed adjustment for utilities expense.**

2   A:     During the test year, Petitioner expensed \$2,831 of utilities including 50% of the gas and  
3           electric bill for his personal home (where his office is located). It is unreasonable to  
4           expect the Utility to pay 50% of Mr. Beacham's personal electric and gas bills when the  
5           Utility office occupies one room in his basement. Petitioner has provided no evidence  
6           that the test year expense is reasonable. Therefore, the OUCC has eliminated all utility  
7           expenses from test year operating expenses. Schedule 6, Adjustment 6 yields a *pro forma*  
8           decrease to operating expenses of \$2,831.

**Non-recurring Expense:**

9   **Q:     Please explain the OUCC's proposed adjustment for non-recurring expense.**

10  A:     The OUCC determined that test year operating expenses included the following items  
11           that were either not related to the provision of utility service or were not a recurring  
12           annual expenditure:

Flood Insurance (personal residence)	\$	1,302
Title Insurance		1,200
Appraisal		300
Overdraft Fees		50
Bankruptcy Trustee Fees		975
	\$	<u>3,827</u>

13       Schedule 6, Adjustment 7 yields a *pro forma* decrease to operating expenses of \$3,827.



**Rate Case Expense:**

1   **Q:    Please explain the OUCC's proposed adjustment for rate case expense.**

2   A:    Petitioner made no provision for rate case expense in its case-in-chief. The OUCC's *pro*  
3       *forma* rate case expense adjustment includes accounting fees of \$5,300 based on an e-  
4       mail message from Rosanne Roth of Vowells & Schaaf, Petitioner's accounting firm.  
5       The OUCC amortized these costs over a five year period. Schedule 6, Adjustment 8  
6       yields a *pro forma* increase to operating expenses of \$1,060.

**IURC Fee:**

7   **Q:    Please explain the OUCC's proposed adjustment for IURC fee expense.**

8   A:    During the test year, Petitioner expensed \$11 of IURC fees. The OUCC calculated an  
9       IURC fee of \$88 by multiplying pro forma present rate revenues of \$72,936 times the  
10      present IURC fee of .1203993%. Schedule 6, Adjustment 9 yields a *pro forma* increase to  
11      operating expenses of \$77.

**Purchased Sewer Treatment Expense:**

12   **Q:    Please explain the OUCC's proposed adjustment for purchased sewer treatment**  
13       **expense.**

14   A:    Petitioner sends all the wastewater it collects to the City of Evansville for treatment.  
15       Evansville calculates the treatment fees charged to Petitioner by applying its retail  
16       volumetric rates to the water usage for each of Petitioner's customers. The OUCC  
17       proposes that Petitioner should "pass-through" these charges to its customers through a  
18       volumetric charge added to its authorized tariff. Therefore, these fees will not be  
19       recovered through the flat monthly rate and need to be eliminated from test year

operating expenses used to calculate this flat monthly rate. Schedule 6, Adjustment 10 yields a *pro forma* decrease to operating expenses of \$21,000.

**Q: Does the OUCC have any other concerns regarding the fees charged by the City of Evansville?**

**A:** Yes. During the test year, Petitioner paid \$21,000 to Evansville as required by the bankruptcy court. However, Petitioner paid nothing to Evansville during 2007 and nothing to Evansville during the first half of 2008. Finally, Petitioner stopped making payments to Evansville when the Bankruptcy case was dismissed.

The OUCC is concerned that the monies Petitioner collects to pay the Evansville treatment costs will similarly be withheld and not paid. The One possible solution, if the City were agreeable, would be to have Evansville directly bill the customers for EWSU's portion of the cost and Petitioner would bill customers only for the flat monthly fee to recover its operating and maintenance expenses. This might be confusing to customers, who may believe that they are being billed twice for the same service. In the alternative, Petitioner could be ordered to place the funds for Evansville's treatment costs in a restricted account. Regardless of the determination, the OUCC recommends that Petitioner be required to submit reports to the IURC and the OUCC on a quarterly basis showing the monies collected and the monies paid to Evansville.

**Depreciation Expense:**

**Q: Please explain the OUCC's proposed adjustment for depreciation expense.**

**A:** The purpose of depreciation expense is to provide the owners of a utility a return of their

1 investment. In this case, there is no investment so there is no need for a return of an  
2 investment. Therefore, the OUCC proposes a decrease to *pro forma* depreciation expense  
3 of \$3,012. (See OUCC Schedule 6, Adjustment 11.)

**Utility Receipts Tax Expense:**

4 **Q: Please explain the OUCC's proposed adjustment to Utility Receipts Tax Expense.**

5 A: During the test year, Petitioner expensed \$1,285 of utility receipts taxes. The OUCC  
6 calculated utility receipts tax expense of \$1,007 by multiplying *pro forma* present rate  
7 revenues of \$72,936 (minus a \$1,000 exemption) times the present tax rate of 1.40%.  
8 Schedule 6, Adjustment 12 yields a *pro forma* decrease to operating expenses of \$278.

**V. Gross Revenue Conversion Factor**

9 **Q: Please explain the OUCC's proposed Gross Revenue Conversion Factor.**

10 A: The OUCC determined that the appropriate gross revenue conversion factor in this case  
11 was 101.54%. The OUCC's gross revenue conversion factor includes the IURC fee and  
12 utility receipts taxes. It does not include any state or federal income taxes. The OUCC is  
13 proposing that there is no investment on which Petitioner should earn a return and,  
14 therefore, there is no net income and no resulting income taxes.

**VI. Summary**

15 **Q: Please summarize your testimony.**

16 A: The Commission should adopt the OUCC's proposed rate structure and rates (\$53.46  
17 based on a 5000 gallons/month) as detailed in OUCC Schedule 1 and reject Petitioner's  
18 proposed monthly flat rate of \$69.50. The OUCC's adjustments to rate base, test year

1 expenses and test year revenues should be accepted. The OUCC recommendations  
2 regarding restricting subsequent income should also be adopted to insure continued  
3 service. Given Mr. Beacham's management history and lack of financial investment in  
4 the utility, the Commission should consider whether appointing a receiver would be  
5 appropriate.

6 **Q: Does this conclude your testimony?**

7 **A: Yes.**

**OLD STATE UTILITY CORPORATION**  
**CAUSE NUMBER 43627**

**Comparison of Petitioner's and OUCC's  
Revenue Requirements**

	<b>Per OUCC</b>	<b>Sch Ref</b>
Original Cost Rate Base	\$ -	7
Times: Weighted Cost of Capital	10.00%	
Net Operating Income Required for Return on Rate base	-	
Less: Adjusted Net Operating Income	33,943	4
Net Revenue Requirement	(33,943)	
Gross Revenue Conversion Factor	101.54%	
Recommended Revenue Increase	<u>\$ (34,466)</u>	
Recommended Percentage Increase	<u>-47.26%</u>	

<b>Current flat rate per dwelling unit = \$40.79</b>	<b>Proposed</b>		<b>OUCC</b>
	<b>Petitioner</b>	<b>OUCC</b>	<b>More (less)</b>
<b>Flat Rate per Dwelling Unit</b>	\$ -	\$ 21.51	\$ 21.51
<b>Meter Charge (5/8" meter)</b>	-	3.65	3.65
<b>Volumetric Rate assuming consumption of 5,000 Gallons</b>	69.50	28.30	(41.20)
<b>Total Monthly Bill for 5,000 Gallons</b>	<u>\$ 69.50</u>	<u>\$ 53.46</u>	<u>\$ (16.04)</u>

**OLD STATE UTILITY CORPORATION**  
**CAUSE NUMBER 43627**

**Gross Revenue Conversion Factor**

	<u>Per OUCC</u>	
1 Gross revenue Change	100.0000%	\$ (34,466)
3 Sub-total	1	
4 Less: IURC Fee	<u>0.1203993%</u>	(41)
5 Income Before State Income taxes	99.879601%	
6 Less: State Income Tax	0.0000%	-
7 Utility Receipts Tax (1.4% of Line 3)	<u>1.4000%</u>	(482)
8 Income before Federal income Taxes	98.4796%	
9 Less: Federal income Tax	<u>0.0000%</u>	<u>-</u>
10 Change in Operating Income	<u>98.4796%</u>	<u>\$ (33,943)</u>
11 Gross Revenue Conversion Factor	<u>101.5400%</u>	

**OLD STATE UTILITY CORPORATION**  
**CAUSE NUMBER 43627**

**COMPARATIVE BALANCE SHEET**  
**As of December 31**

<b><u>ASSETS</u></b>	<b><u>2008</u></b>	<b><u>2007</u></b>	<b><u>2006</u></b>
Utility Plant:			
Utility Plant in Service	\$ 167,168	\$ 167,168	\$ 167,168
Construction Work in Progress			
Less: Accumulated Depreciation	100,546	97,535	94,523
Net Utility Plant in Service	<u>66,622</u>	<u>69,633</u>	<u>72,645</u>
Current Assets:			
Cash and Cash Equivalents	2,508	9,601	6,618
Accounts Receivable	350	356	100
Other Current Assets			
Total Current Assets	<u>2,858</u>	<u>9,957</u>	<u>6,718</u>
Deferred Debits			
Bond Issuance Costs, net			
Intangible Assets	837	837	837
Total Deferred Debits	<u>837</u>	<u>837</u>	<u>837</u>
Total Assets	<u>\$ 70,317</u>	<u>\$ 80,427</u>	<u>\$ 80,200</u>
<b><u>LIABILITIES</u></b>			
Equity			
Common Stock	\$ 500	\$ 500	\$ 500
Retained Earnings	(105,320)	(95,210)	(95,437)
Paid in Capital	175,137	175,137	175,137
Total Equity	<u>70,317</u>	<u>80,427</u>	<u>80,200</u>
Total Liabilities	<u>\$ 70,317</u>	<u>\$ 80,427</u>	<u>\$ 80,200</u>

**OLD STATE UTILITY CORPORATION**  
**CAUSE NUMBER 43627**

**COMPARATIVE INCOME STATEMENT**  
**Twelve Months Ended December 31**

	<u>2008</u>	<u>2007</u>	<u>2006</u>
Operating Revenues			
Flat Rate Revenues	\$ 74,467	\$ 82,793	\$ 63,387
Operating Expenses			
Purchased Sewer	21,000	-	37,190
Telephone	1,266	1,276	783
Directors Fees	3,600	7,200	400
Salaries	-	-	4,400
Security	-	-	170
Postage	376	-	-
Professional Fees	410	183	786
Legal	32,789	48,600	12,728
Bank Charges	1,959	1,669	75
Insurance	3,136	706	713
Permits and Licenses	342	349	620
Accounting	6,630	6,339	6,105
Repair and Maintenance	2,927	5,818	940
Office Expense	1,506	576	480
Other Expense	-	-	9
Utilities	2,831	1,512	-
Auto	329	657	-
Auto Lease	-	-	1,060
Total O&M Expense	<u>79,101</u>	<u>74,885</u>	<u>66,459</u>
Depreciation Expense	3,012	3,012	3,012
Amortization Expense			
Taxes Other than Income:			
Payroll Tax	-	29	31
FICA	-	-	582
Property Tax	1,179	3,667	484
Utility Receipts Tax	1,285	973	948
Income Taxes:			
State Income Tax			(600)
Federal Income Tax			(1,000)
Total Operating Expenses	<u>84,577</u>	<u>82,566</u>	<u>69,916</u>
Net Operating Income	(10,110)	227	(6,529)
Other Income (Expense)			
Interest Income			6
Gain (Loss) on Sale of Assets			
Interest Expense			
Total Other Income (Expense)	<u>-</u>	<u>-</u>	<u>6</u>
Net Income (Loss)	<u>\$ (10,110)</u>	<u>\$ 227</u>	<u>\$ (6,523)</u>



**OLD STATE UTILITY CORPORATION**  
**CAUSE NUMBER 43627**

***Pro-forma* Net Operating Income Statement**

	<b>Year Ended 12/31/2008</b>	<b>Adjustments</b>	<b>Sch Ref</b>	<b><i>Pro-forma</i> Present Rates</b>	<b>Adjustments</b>	<b>Sch Ref</b>	<b><i>Pro-Forma</i> Proposed Rates</b>
Operating Revenues							
Flat Rate Revenues	\$ 74,467	\$ (1,531)	5-1	\$ 72,936	\$ (34,466)	1	\$ 38,470
				-			-
				-			-
				-			-
Total Operating Revenues	<u>74,467</u>	<u>(1,531)</u>		<u>72,936</u>	<u>(34,466)</u>		<u>38,470</u>
O&M Expense	79,101			36,807			36,766
Telephone		(1,038)	6-1				
Directors Fees		(3,600)	6-2				
Legal		(32,789)	6-3				
Bank Charges		(419)	6-4				
Repair and Maintenance		22,073	6-5				
Utilities		(2,831)	6-6				
Capital/Nonrecurring		(3,827)	6-7				
Rate Case Expense		1,060	6-8				
IURC Fee		77	6-9		(41)	1	
Purchased Sewer		(21,000)	6-10				
Bad Debt Expense					-	1	
Depreciation Expense	3,012	(3,012)	6-11	-			-
Amortization Expense	-			-			-
Taxes Other than Income:							
Property Tax	1,179			1,179			1,179
Utility Receipts Tax	1,285	(278)	6-12	1,007	(482)	1	525
Income Taxes:							
State Income Tax	-	-		-	-	1	-
Federal Income Tax	-	-		-	-	1	-
Total Operating Expenses	<u>84,577</u>	<u>(45,584)</u>		<u>38,993</u>	<u>(523)</u>		<u>38,470</u>
Net Operating Income	<u>\$ (10,110)</u>	<u>\$ 44,053</u>		<u>\$ 33,943</u>	<u>\$ (33,943)</u>		<u>\$ -</u>

**OLD STATE UTILITY CORPORATION**  
**CAUSE NUMBER 43627**

**Revenue Adjustments**

**(1)**

**Revenue Normalization**

To normalize test year revenues for current EDUs.

Current Equivalent Dwelling Units:

Residential	138		
Church	2		
Shopping Center	9		
Total EDUs billed		149	
Times: Present Flat Rate		<u>\$ 40.79</u>	
<i>Pro forma</i> monthly revenues			\$ 6,078
Times: 12 Months			<u>12</u>
<i>Pro forma</i> annual revenues			72,936
Less: Test Year Revenues			<u>74,467</u>

**Adjustment Increase (Decrease)** \$ (1,531)

OLD STATE UTILITY CORPORATION  
CAUSE NUMBER 43627

Expense Adjustments

(1)

Telephone Expense

To adjust operating expenses to reflect the normalization of telephone expense.

Monthly Utility Telephone Line	17.00	
Taxes and fees	2.00	
	<u>\$ 19.00</u>	
Times: Twelve Months	12	
Pro forma Telephone Expense		\$ 228
Less: Test Year Telephone Expense		<u>1,266</u>
Adjustment Increase (Decrease)		<u>\$ (1,038)</u>

(2)

Directors Fees

To adjust operating expenses to reflect the normalization of directors fees.

Adjustment Increase (Decrease)	<u>\$ (3,600)</u>
--------------------------------	-------------------

(3)

Legal Fees

To adjust operating expenses to reflect the normalization of legal fees.

Pro Forma Legal Fees	\$ -	
Less: Test Year Legal Fees	<u>32,789</u>	
Adjustment Increase (Decrease)		<u>(32,789)</u>

**OLD STATE UTILITY CORPORATION**  
**CAUSE NUMBER 43627**

**Expense Adjustments**

**(4)**

**Bank Charges**

To adjust operating expenses to reflect a decrease in bank charges.

**Old National Bank:**

Post Office Box Rental	\$	85	
Lock Box Fee		<u>1,455</u>	
Pro forma Bank Charges	\$		1,540
Less: Test Year Bank Charges			<u>1,959</u>
<b>Adjustment Increase (Decrease)</b>			<b><u>\$ (419)</u></b>

**(5)**

**Repair and Maintenance Expense**

To adjust operating expenses to reflect an increase to repair and maintenance expense.

Pro forma Repair and Maintenance Expense - Includes root cutting and jet cleaning as needed, some smoke testing, and televising and reacting to emergencies such as blockages or cave-ins	\$	25,000	
Less: Test Year Repair and Maintenance		<u>2,927</u>	
<b>Adjustment Increase (Decrease)</b>			<b><u>\$ 22,073</u></b>

**(6)**

**Utilities**

To adjust operating expenses to normalize utilities expense.

Pro forma Utilities Expense	\$	-	
Less: Test year Utilities Expense		<u>2,831</u>	
<b>Adjustment Increase (Decrease)</b>			<b><u>\$ (2,831)</u></b>

**OLD STATE UTILITY CORPORATION  
CAUSE NUMBER 43627**

**Expense Adjustments**

(7)

**Non-recurring Expense**

To eliminate test year expenditures that are non-recurring expenses.

<u>Date</u>	<u>Voucher #</u>	<u>Account</u>	<u>Description</u>	
2/28/2008	1143	Insurance	Flood Insurance	\$ (1,302)
2/28/2008	1144	Insurance	Total Title (easements)	(1,200)
1/31/2008	1130	Professional Fees	Appraisal for home flood insurance	(300)
1/31/2008	JE15	Professional Fees	5th 3rd Overdraft Fees	(50)
6/30/2008	1186	Office Exp.	US Trustee	(325)
10/31/2008	1221	Office Exp.	US Trustee	(650)
<b>Adjustment Increase (Decrease)</b>				<b><u>\$ (3,827)</u></b>

(8)

**Rate Case Expense**

To adjust operating expenses to reflect an increase due to the amortization of rate case expense.

Vowells & Schaaf accounting fees	\$ 5,300
Divide by: Five years	<u>5</u>
<b>Adjustment Increase (Decrease)</b>	<b><u>\$ 1,060</u></b>

(9)

**IURC Fee**

To adjust operating expenses to normalize Utility Regulatory Commission fees.

Pro forma Present Rate Revenues	\$ 72,936
Times: IURC Fee for 2007-2008	<u>0.001203993</u>
Pro forma IURC Fee	\$ 88
Less: Test year IURC Fee	<u>11</u>
<b>Adjustment Increase (Decrease)</b>	<b><u>\$ 77</u></b>

(10)

**Purchased Sewer Expense**

To adjust operating expenses to remove purchased sewer expense. Petitioner will recover these costs through a volumetric charge.

<b>Adjustment Increase (Decrease)</b>	<b><u>\$ (21,000)</u></b>
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**OLD STATE UTILITY CORPORATION**  
**CAUSE NUMBER 43627**

**Expense Adjustments**

(11)

**Depreciation Expense**

To adjust operating expense to normalize depreciation expense.

Utility Plant as of 12/31/08	\$	-	
Times: Depreciation Rate		<u>2.2%</u>	
Pro forma Depreciation Expense			-
Less: Test Year			<u>(3,012)</u>
Adjustment Increase (Decrease)			<u>\$ (3,012)</u>

(12)

**Utility Receipts Tax**

To adjust operating expense to normalize utility receipts tax

Pro forma Present Rate Revenues	\$	72,936	
Less: Exemption		<u>1,000</u>	
Revenues Subject to Tax	\$	71,936	
Times: URT Rate		<u>1.40%</u>	
Pro forma Utility Receipts Tax Expense	\$	1,007	
Less: Test Year Utility Receipts Tax Expense		<u>1,285</u>	
Adjustment Increase (Decrease)			<u>\$ (278)</u>

**OLD STATE UTILITY CORPORATION  
CAUSE NUMBER 43627**

**Current and Proposed Rates and Charges**

	<u>Current</u>	<u>Petitioner Proposed</u>	<u>OUCC Proposed</u>
Unmetered rate and charge for sewage disposal service per month, per single family dwelling	\$ 18.40	\$ -	\$ 21.51
Sewer tracking factor per month, per family dwelling	22.39	-	-
Flat monthly rate	<u>\$ 40.79</u>	<u>\$ -</u>	<u>\$ 21.51</u>

**Meter Charge per Month**

5/8" inch meter	\$ 3.65
1" inch meter	\$ 9.37
1 1/2" inch meter	\$ 21.09
2" inch meter	\$ 37.47
3" inch meter	\$ 84.32
4" inch meter	\$ 149.90
6" inch meter	\$ 337.31
8" inch meter	\$ 599.65
10" inch meter	\$ 936.94

**Volumetric Rate per 1,000 Gallons of metered water per month**

\$ 13.90

First 50,000 gallons	\$ 5.66
Next 950,000 gallons	\$ 3.89
Next 2,000,000 gallons	\$ 3.27
Over 3,000,000 gallons	\$ 2.42

**TESTIMONY OF ROGER A. PETTIJOHN**  
**CAUSE NO. 43627**  
**OLD STATE UTILITY CORPORATION**

1                                   **I. INTRODUCTION & BACKGROUND**

2    **Q:     Please state your name and business address.**

3    A:     My name is Roger A. Pettijohn, and my business address is 115 West Washington  
4           Street, Suite 1500 South, Indianapolis, Indiana 46204.

5    **Q:     By whom and in what capacity are you employed?**

6    A:     I am employed by the Indiana Office of Utility Consumer Counselor (OUCC) as a  
7           Senior Utility Analyst for the Water/Wastewater Division.

8    **Q:     What are the duties and responsibilities of your current position?**

9    A:     My duties include evaluating the condition, operation, and planning of water and  
10          sewer utilities that are subject to IURC jurisdiction.

11   **Q:     What is your professional background and experience?**

12   A:     After teaching several years for the Department of Defense Dependents Schools, I  
13          accepted an administrative position as Utility Director for the City of Elwood,  
14          Indiana in 1976. Subsequently, I assumed the responsibilities of operator in  
15          charge of the water and wastewater facilities. In 1980, I accepted a position as  
16          Waterworks Superintendent for the City of Marion, Indiana. After taking early  
17          retirement from the City of Marion in 1995, I served as a project manager and



1 representative for a firm representing various manufacturing companies in the  
2 business of providing water and wastewater treatment equipment to municipalities  
3 and industry. I currently maintain a Class I Wastewater Treatment License, as  
4 well as Water Treatment System 3 and System 5 designations (WTS-3 and WTS-  
5 5), which are ground and surface water treatment plant certifications, respectively.  
6 Finally, I hold a Distribution System Large (DS-L) license, all of which are issued  
7 by the State of Indiana.

8 **Q: Have you previously testified before the Commission?**

9 A: Yes, both on behalf of utilities for which I worked and as an analyst for the  
10 OUCC.

11 **Q: What investigations have you performed in this Cause?**

12 A: I have read the Petition and testimony in this cause. I reviewed televised tapes of  
13 selected sections of Old State Utility Corporation's ("Petitioner" the "Utility" or  
14 "OSU") collection system, conversed with Mr. Steve Lacey, Vice President of  
15 Hydromax USA and Petitioner's service contractor for sewer maintenance, as  
16 well as reviewed maintenance and projected improvement costs. In addition, I  
17 have engaged in conversations with Petitioner's witness Joseph Buchanan, also an  
18 employee of Hydromax, who has first-hand knowledge of OSU's collection  
19 system through on-the-job experience. Finally, I participated in discussions  
20 with OUCC staff regarding various aspects of the case.

2     A:     I will discuss generally Petitioner's collection system and its plan to improve flow  
3             and infiltration concerns. Also, I will submit complaint reports received by the  
4             OUCC from Petitioner's customers (See RAP Attachment 1).

## 5

7 A: Petitioner's collection system was designed as a sanitary-only collection and  
8 gravity conveyance to the City of Evansville wastewater treatment facilities. It  
9 consists of approximately three (3) miles of primarily 8" clay pipe originally  
0 installed in the early 1960's and through a series of expansions completed in the  
1 mid 1970's. Petitioner now serves approximately 150 homes.

13 A: Like many other systems of this vintage, its condition is poor due to years if not  
14 decades of neglect through lack of maintenance and repair. Poor construction  
15 practices, such as in the Pinehurst area, further afflict Petitioner where hammer  
16 tap<sup>1</sup> installations are prevalent. Mr. Buchanan's testimony focuses on the troubled  
17 Pinehurst and Shady Hills areas wherein he references severe root intrusion and  
18 possible collapse of a sewer section at Pinehurst. He also suggests a Five-Year  
19 remediation program including costs.

<sup>1</sup> Hammer taps involve sewer laterals that are physically driven into the main often retarding flow by protruding into the main and allowing infiltration of surface water and root intrusion from improper sealing. A better method is to install a wye or tee on the main then connecting to the lateral.

1     **Q:     What is the cost estimate and method of refurbishing the system?**

2     A:     Mr. Buchanan estimates approximately \$174,000 per year over five years  
3           including manhole replacement. He also estimates that an additional \$15,000 to  
4           \$18,000 would be necessary for normal maintenance. In the absence of  
5           refurbishing the system, he estimates repair and maintenance of \$25,000 to  
6           \$30,000 per year. Refurbishment through the 5-year plan includes systematic  
7           lateral sealing, total sewer main line replacement or repair as needed (Pinehurst),  
8           and manhole repair or replacement. Normal repair and maintenance with no  
9           “plan” at \$25,000 would include root cutting and jet cleaning as needed, some  
10          smoke testing and televising and reacting to emergencies such as blockages or  
11          cave-ins<sup>1</sup>.

12    **Q:     Are refurbishment costs and proposed project scope reasonable?**

13    A:     Yes with regard to cost estimates but further analysis is needed when considering  
14          project scope. Unit costs provided in Exhibit JB-Hydromax-1, for smoke testing,  
15          jetting, televising, manhole repair, lateral repair or installation, and labor are  
16          within industry standards. In addition, Hydromax (being the only contractor to  
17          work on site) is in the best position to determine the extent and manner of system  
18          restoration. However, Hydromax cautions that prices will vary according to main  
19          line accessibility, since various structures have been built over the main in places,  
20          and unexpected problems will be encountered when actual work begins in the way

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<sup>1</sup> It is relevant to note that while reviewing the Pinehurst disc showing a line of approximately 500 feet, the main has been patched at least twice at some time in the past. In addition, other sections exhibited severe spalling or cavitation.

1 of additional line obstructions, separations, illegal taps, or mapping inaccuracies.

2 It should also be noted that only approximately 20% of Petitioner's collection  
3 system has been televised whereas the other unseen 80% will certainly require  
4 some sort of restoration and repair investment – perhaps a major investment.

5 The proposed 5-Year Plan deals with known line maladies, lateral intrusion,  
6 manhole repair and recurring root intrusion on only 20% of Petitioner's collection  
7 system but does include replacement or repair of Petitioner's entire main line  
8 system (14,445 feet) at budget price of \$45.00 per foot. It seems reasonable to  
9 further define the status of the remaining 80% of Petitioner's system before  
10 projecting cost estimates. In doing so, projected costs may change appreciably.

11 **Q: Has the collection system been improved since Petitioner's acquisition?**

12 **A:** No. Because Petitioner has been unwilling or unable to make much needed  
13 capital improvements to the system, deterioration has continued. The Pinehurst  
14 area is in need of 400 to 500 feet of main replacement at a cost of approximately  
15 \$20,000. The line exhibits severe root intrusion, intruding laterals, spalling and  
16 prior patching due to cave-ins. More failures appear imminent and capital  
17 investment is needed. Seemingly, Petitioner and prior ownership only reacted to  
18 emergencies as they occur by jetting or root cutting as blockages develop as  
19 opposed to prevention through proactive maintenance.

### III. RECOMMENDATIONS

2    **Q:    What are your recommendations?**

3 A: I recommend the Commission allow \$25,000 annually in O&M costs but no  
4 capital cost should be recovered through rates at this time. The budgeted O&M  
5 amount will adequately provide for emergency repair as well as routine cleaning  
6 and root removal. Moreover, some funding will be available for televising and  
7 critical analysis and planning with regard to the balance of Petitioner's collection  
8 system. In addition, Mr. Buchanan suggests in testimony that \$25,000 annually is  
9 a good figure to "keep the system functional" if no capital program is in place.  
10 Further, it seems likely barring several emergency repairs, Petitioner could  
11 progress toward televising the rest of its system for further scrutiny. Televising at  
12 a cost of \$2.00 per foot would entail a total cost at approximately \$20,000 to  
13 complete the survey of OSU's main system. A restricted O&M account with  
14 reporting requirements to the Commission should be established toward the  
15 assurance these funds will be properly allotted only for its intended purpose.

16 I recommend Petitioner begin the suggested five-year refurbishment project  
17 beginning with the Pinehurst area which presumably represents the greatest threat  
18 of system failure. When completed and in service, Petitioner may file a new rate  
19 case with the Commission and earn a return on its investment while continuing  
20 with the next project.

21 Mr. Beacham, owner of Old State Utility, only paid a dollar for the system and

1        seems unlikely to voluntarily assume such a capital endeavor. Perhaps a receiver  
2        (possibly the City of Evansville, who currently takes-in and treats Petitioner's  
3        discharge), or a subsequent purchaser, may be willing to make improvements or  
4        incorporate Old State and make improvements through an E&R and inflow and  
5        infiltration (I&I) remediation agenda.

6    **Q:    Does this conclude your testimony?**

7    **A:    Yes.**

Graham,

I am Charleen King. I live at 6703 Pinehurst Drive. I wanted to give you some information regarding sewer line work behind my property. We replaced our entire sewer line on our property last year. This spring the sewer backed in our home, AGAIN. Hydromax/ RotoRooter found the cause to be blockage in the main line behind our property. We paid them for the service call and work for fear that if we did not pay them and had problems again they might hesitate to come out. I forwarded the paid invoice to OSUC with a letter asking that we be reimbursed. I copied Hydromax. Of course we got absolutely no response from OSUC. A month later the sewer backed up in our home again. Hydromax came out and told us they informed Mr Beachem that the main line was completely full of roots and blockage and partly collapsed. However, Mr Beachem said there was no money for repairs. They unblocked the line to make the sewage run away from our home and on down(???) at no charge. About a week later they came out and replaced several feet of the main line. This required taking down our fence and cutting down a tree on our property. My husband was out there when they dug up the old line. It was mostly just pieces and huge, tangled roots balls. The man working the bulldozer that day told my husband that OSUC was trying to get a grant to fund repairs to the sewer line, however at this time OSUC owes Hydromax over \$10,000 and no further work will be done until something is paid towards that balance. This past Thursday we awoke to sewage running up through our downstairs bath and once again through our basement. We called Hydromax/RotorRooter. They came out and unblocked the main line. They said it is collapsing down the line and is full of roots and growth. We call OSUC but get no where. Thank heavens this RotoRooter service is sympathetic enough to help us.

Just wanted to share that information, for what it is worth. Of course the information from the Hydromax workers is just "here-say"...but probably pretty accurate!

Any ideas or suggestions to help us would be appreciated. Thanks for your diligent work with this OSUC issue.

I know I speak for several of my neighbors when I say THANK YOU and we appreciate you!

Charleen King

**Daniels, Sandy**

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**From:** Swinger, Anthony  
**Sent:** Monday, December 01, 2008 1:28 PM  
**To:** Reed, Jeffrey (OUCC); Bell, Scott; Daniels, Sandy; Boyd-Sledge, Gina; Haeny, Kathleen  
**Subject:** Old State Utility Corp. - Consumer Comments - Sooz Scheller

Jeff, Scott and Sandy: FYI.

Gina and Kathy: Please hold on to this; no cause number as of yet.

Thanks.

-----Original Message-----

**From:** Swinger, Anthony On Behalf Of UCC Consumer Info  
**Sent:** Monday, December 01, 2008 1:23 PM  
**To:** 'Soozi Scheller'  
**Subject:** RE: Old State Utility Corp. Rate Increase

Ms. Scheller:

Thank you for your e-mail. I will share your message, along with other messages we have received regarding Old State Utility Corp., with our consumer services staff as well as the appropriate legal and technical staff within our agency.

We appreciate your taking the time to write to us and share your concerns.

Sincerely,  
Anthony Swinger  
Director of External Affairs  
Indiana Office of Utility Consumer Counselor (OUCC)

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**From:** Sooz Scheller [mailto:sbscheller@sbcglobal.net]  
**Sent:** Saturday, November 29, 2008 2:56 PM  
**To:** UCC Consumer Info  
**Cc:** Kenneth J. Scheller  
**Subject:** Old State Utility Corp. Rate Increase

To Whom It May Concern,

I am concerned about the proposed rate increase from Old State Utility Corp of which I received notice this November.



The rate increase may not be justified because funds intended to cover the utilities expenses may have been used otherwise. The future of this utility corporation may be currently weakened because of lack of fiscal responsibility. The rate increase may not reflect an attempt to cover actual costs but rather to funds diverted to cover funds spent in an inappropriate fashion.

The best interests of the homeowners who depend on this sewer system may be in jeopardy if the current practice of misappropriation of funds continues under the current Old State Utlily Corp. management.

Thank you for looking in to this matter.

Gratefully yours,

Soozi Schelller  
225 LaDonna Blvd.  
Evasville, IN 47711  
(812)867-3696

Indiana Office of Indiana Utility Consumer Counselor  
National City Center  
115 W. Washington Street, Suite 1500 South  
Indianapolis, IN 46204

December 01, 2008

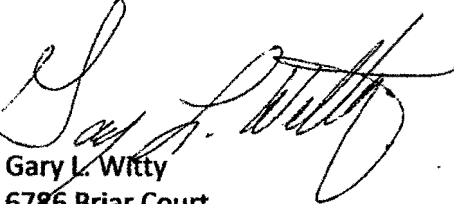
Dear Sirs,

This letter is in response to a Notice of a Proposed Sewer Rate Increase filed November 19, 2008 by the Old State Utility Corporation of which I am a customer. Mr. Charles Beacham took over control of the Old State Utility Corp in 2006 after the death of the original owner. Mr. Beacham had stated that his intent when taking over would be to take the necessary steps to turn over the ownership, maintenance and control of the sewage to the Evansville Water and Sewer Department. At that time we paid approximately double the fee charged by the Evansville Water and Sewer Department to process our sewage to the Old State Utility Corp which does not process any sewage and as far I know has not invested any funds into maintenance or upkeep of the lines.

A recent examination of the Financial Statement for Old State Utility Corp has revealed a huge increase in attorney's fees since the transfer of control to Mr. Beacham. Interesting enough, the attorney for Old State Utility Corporation is none other than Mr. Charles Beacham. It would appear as though after collecting his attorney's fees, there is not enough funds left to pay the Evansville Water and Sewer Department for their services.

We do have a Community Association that is working to resolve these issues and put an end to this nightmare. In the meantime I request that you deny Mr. Beacham's request for an increase and want to go on record as being AGAINST any rate increase and farther request a public hearing by the Indiana Utility Regulatory Commission.

Cordially Yours,

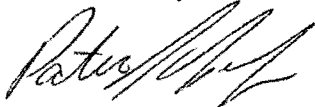


Gary L. Witty  
6786 Briar Court  
Evansville, IN 47711  
(812) 867-0196  
Gwitty6789@aol.com

Dear Indiana Regulatory Commission

I am a customer of Old State Utility and have been for 21 years . I have been through all the rate hikes since 1987 I think. Anyway I received this letter from them saying they have applied for another rate hike of \$20.14 more a month . All of my neighbors are very upset about the way the new owner has managed the Utility to the fact that it is bankruptcy . I don't feel like a customer such as myself should have to bail out a person who has mismanaged the utility. I would appreciate it if the Indiana Regulatory Commission would consider the loyal paying customers who are paying their bills on time and in full and not grant this request by Charles Beacham of Old state Utility. There is a petition that I have signed that the commission has that explains some of the our concerns. If there is a public hearing please notify me at [patsch@wowway.com](mailto:patsch@wowway.com) or 812-401-8274.

Thanks for your consideration

A handwritten signature in black ink, appearing to read "Patrick Schaefer", written in a cursive style.

Patrick Schaefer

112 Kirk Dr

Evansville, IN 47711

October 15, 2008

Indiana Office of Utility Consumer Counselor  
National City Center  
115 W. Washington St., Suite 1500 South  
Indianapolis, Indiana 46204

To Whom It May Concern:

I have enclosed a copy of a letter sent to me by Charles W. Beacham, President of Old State Utility Corporation of Evansville, Indiana. The purpose of the letter is to inform the customers of Old State Utility Corporation that the company is filing an application for a rate increase.

I have lived in my home for 20 years. Throughout the years all of the customers of this system have had problems with this company. At one point approximately 15 years ago we were forced to pay a sewer bill to Old State Utility Corporation and a second bill to The City of Evansville for the same service. This duplication of billing went on for approximately a year. Eventually The City of Evansville stopped their billing but the customers were never reimbursed for paying duplicate sewer bills.

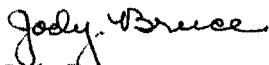
At that point we incurred a substantial rate increase from Old State Utility Corporation presumably to help pay for maintenance to the system. This company has never maintained the sewer and never made any upgrades. They have taken our money and let the system deteriorate.

The previous owner Louis Heuer passed away and left the running of the company to his granddaughter. She and her husband have refused to maintain the system and it is now in the hands of Vowells & Schaaf, LLC which is a legal firm. There have been attempts to get The City of Evansville to take over this system but it is in such bad shape that it does not meet City Codes. It will take many thousands of dollars to make that happen.

Now the customers, of whom I am one, are faced with yet another substantial rate increase. I am sending this letter to have my voice heard. This sewer system has never been maintained or upgraded. It will not be maintained even if an increase is granted. I am adamantly opposed to a rate increase to pay for work that is never done. If I was on The City of Evansville's sewer system my bill would be approximately half of what it currently is without the rate increase. Ultimately this sewer ties into the city sewer anyway. Why should we pay more for our sewer bill than other customers of The City of Evansville?

I am asking that my protest go on record. I am but one person but something needs to be done to correct this situation.

Sincerely,



Jody Bruce  
116 Petersburg Road  
Evansville, IN 47711  
812 424-7311

**Old State Utility Corporation**  
**PO Box 3895**  
**Dept 5014**  
**Evansville, IN 47708**  
**(812) 402-1849**

RAP ATTACHMENT 1  
CAUSE NO. 43627  
PAGE 7 OF 25

JODY BRUCE  
116 PETERSBURG ROAD  
EVANSVILLE IN 47711

October 10, 2008

**STATEMENT**

**P011692 IVY**

	<u>Amount</u>
Monthly Service Fee	\$40.79
Previous balance	\$40.79
9/29/2008 Payment - thank you. Check No. 461027	<u>(\$40.79)</u>
Total payments and adjustments	<u>(\$40.79)</u>
Balance due	<u><u>\$40.79</u></u>

Questions regarding statements call: Vowells & Schaaf, LLP - 421-4165

Questions regarding maintenance call: First call your plumber - per city  
OSUC Sewer Blockage - Hydramax - 925-3930

Questions regarding engineering call: Travis Hillenbrandt - 421-2120

Call before you dig: 1-800-382-5544

**PLEASE NOTE NEW MAILING ADDRESS**

## Contact Us

The Indiana Office of Utility Consumer Counselor is open from 8:00 a.m. until 5:00 p.m., Monday through Friday (excluding state holidays).

We can be reached by mail, e-mail, phone or fax, or by using the electronic form below.

If you need to file a **utility complaint**, please click here for the OUCC's complaint form.

If you wish to provide **comments on a pending case**, please specify the case as clearly as possible by including the utility's complete name, the issue in question (For example: rate increase, service territory expansion, etc.) and the IURC cause number (if possible). Please include your full name and mailing address, and specify whether you are a customer of the utility involved in the case. (For additional tips on providing case-related comments, please click here.)

**If you have previously contacted the OUCC, please take a moment to complete our survey.**

E-mail:  
uccinfo@oucc.IN.gov

Mail:  
Indiana Office of Utility Consumer Counselor  
National City Center  
115 W. Washington St., Suite 1500 South  
Indianapolis, Indiana 46204

Phone:  
1-888-441-2494 Toll Free  
(317) 232-2494 Voice/TDD

Fax:  
(317) 232-5923

## Electronic Contact Form

**Your e-mail address and phone number are required.**

**The OUCC has relocated to 115 W. Washington St., Suite 1500 South, Indianapolis, IN 46204.**

Your name:

CLARA OPAL FARMER HARRISON

Your e-mail address:

CHART@WOWWAY.COM

Your phone number:

812-401-7215

Ms. Cecil Harrison  
121 Kirk Drive  
Evansville, IN 47711-1689

Your message:

THIS DOES NOT SEEM ANYTHING LIKE WHAT SHOULD BE CHARGED  
WE CANNOT AFFORD THIS. WE WILL SEND A LETTER LATER.

**Daniels, Sandy**

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**From:** Haeny, Kathleen on behalf of UCC Consumer Info  
**Sent:** Tuesday, October 21, 2008 10:50 AM  
**To:** Daniels, Sandy  
**Subject:** FW: Old State Utility Corporation

-----Original Message-----

**From:** talton@wideopenwest.com [mailto:talton@wideopenwest.com]  
**Sent:** Tuesday, October 21, 2008 10:41 AM  
**To:** UCC Consumer Info  
**Subject:** Old State Utility Corporation

The proposed increase in the sewer rate requested by Old State utility is over kill. We pay a flat rate of \$40.79 now and the what to up it to \$69.34 across the board. I'm a single person living in my home and my water bill is \$ 10.53. If I had city sewer my sewer would be \$15.29 and out of city limits would be \$20.63 Not \$40.79. Old state say its price is calculated at \$10.16/1000 units even with this price I should be paying \$30.48 not \$40.79. I feel I'm over charged now and they want to increase it to \$69.34 for everyone. I feel its unfair to be put into a group and all charged the same price I guess if you're a large family you come out ahead. A utility should be based on the amount each home uses not on the lot of them. If you bill like this someone is always getting cheated. Mr.Beacham said he wanted to turn the utility over to the city to get our bills decreased now more than a year later he wants more money. I feel no increase should be allowed and he should work hard to get it turned over to the city.

Thank you for your time and help in this matter.  
Tanya Alton  
812-491-8587  
6811 Pinehurst Dr.  
Evansville, IN 47711  
talton@wowway.com

--

WOW! Homepage (<http://www.wowway.com>)

promptly delete this message and its attachments from your computer system.

RAP ATTACHMENT 1  
CAUSE NO. 43627  
PAGE 10 OF 25

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**From:** Haeny, Kathleen **On Behalf Of** UCC Consumer Info  
**Sent:** Wednesday, October 15, 2008 1:59 PM  
**To:** Swinger, Anthony  
**Subject:** FW: Petition to Investigate Old State Utility Corporation - ATTN: Kathleen Haeny

Information from Mr. Draughon. I told him I would forward it to you.

Kathy

---

**From:** Shady Hills Neighborhood Association [mailto:shadyhillsindiana@gmail.com]  
**Sent:** Wednesday, October 15, 2008 1:53 PM  
**To:** UCC Consumer Info  
**Cc:** Shady Hills Neighborhood Association  
**Subject:** re: Petition to Investigate Old State Utility Corporation - ATTN: Kathleen Haeny

Kathleen,

Thank you for your time and patience on the phone with me today. I have attached two PDF documents as follow-up to our conversation. I already have 85 customer signatures which I will be glad to send in either soft or hard copy if you need them at this time. The second PDF is a presentation I put together for a neighborhood organization meeting I held a little over a month ago. The third attachment is the letter that we received from OSUC in August announcing a meeting to vote on withdrawal from IURC regulation (which we voted down).

On behalf of the customers of Old State Utility Corporation(OSUC), we appreciate your help in passing this information along to the appropriate Commission representative(s). I will be sending another email later this afternoon with a copy of the rate increase notice we received from OSUC. Please feel free to contact me at any time.

Graham  
Graham K. Draughon  
306 LaDonna Blvd  
Evansville, IN 47711  
(812) 449-5187

10/15/2008



From Fred Emerson

to Indiana Office of Utility Consumer Counselor at Sun 10/12/2008 9:55

## Contact Us

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If you wish to provide **comments on a pending case**, please specify the case as clearly as possible by including the utility's complete name, the issue in question (For example: rate increase, service territory expansion, etc.) and the IURC cause number (if possible). Please include your full name and mailing address, and specify whether you are a customer of the utility involved in the case. (For additional tips on providing case-related comments, please click here.)

If you have previously contacted the OUCC, please take a moment to complete our survey.

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uccinfo@oucc.IN.gov

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National City Center  
115 W. Washington St., Suite 1500 South  
Indianapolis, Indiana 46204

Phone:  
1-888-441-2494 Toll Free  
(317) 232-2494 Voice/TDD

Fax:  
(317) 232-5923

## Electronic Contact Form

Your e-mail address and phone number are required.

The OUCC has relocated to 115 W. Washington St., Suite 1500 South, Indianapolis, IN 46204.

Your name:  
Frederick E. Emerson

Your e-mail address:  
Fredem@nowway.com

Your phone number:  
812-401-7820

Your message: *A hearing must be conducted to prevent The Consumer from being ripped off. In the twenty years of living in this community NOT once has anything been done To upgrade the Sewer System. It has been unfair to HAVE a water bill of*

From Fred Emerson

to Indiana Office of Utility Consumer Counselor at Sun 10/12/2008 9:56

\$13.00 dollars and a sewer bill of \$40.79. now they want to ask for more money. there has not been a financial report disclosed. Money has been missing to the city for payment from Old State Utility Corp. IT is unanswered as to where the money has gone. I AM WRITING this request for there to be a hearing on Old State Utilities. Please hear our request.

Thank you  
Fred Emerson

**Customer Petition to the Indiana Utility Regulatory Commission to Investigate  
Old State Utility Corporation of Vanderburgh County, IN - Dated: October 2, 2008**

We, the undersigned concerned customers of Old State Utility Corporation (OSUC) and residents of Vanderburgh County, Indiana, do hereby petition the Indiana Utility Regulatory Commission (IURC) to investigate Old State Utility Corporation (OSUC) owned by Charles / Beverly Beacham. The following concerns represent our basis and justification for this petition.

- 1) Spiraling increase in 'Miscellaneous Expenses' from \$14,211 in 2005 to \$74,885 in 2007. NOTE: OSUC was sold to Charles and Beverly Beacham from the Estate of Louis Heuer in the latter part of 2006.
- 2) Excessive legal expenses in the amount of \$58,850 incurred by OSUC from September 2006 through December 2007. The OSUC legal fees were paid to Beacham and Associates, a law firm also owned by the Charles Beacham, a Director / Owner of OSUC.
- 3) The 2006 and 2007 OSUC Annual Reports filed with the IURC failed to include information regarding the charges for sewer processing services by Evansville Waterworks. The outstanding balance claimed by Evansville Waterworks in the OSUC Chapter 11 Bankruptcy filing is \$100,142. OSUC stopped payments to Evansville Waterworks in September 2006. In addition to the unpaid service fees, significant late payment fees have also been applied to the balance owed to Evansville Waterworks.
- 4) The effect of concerns 1 – 3 above related to the pending OSUC Chapter 11 Bankruptcy case.
- 5) The omission of Sean Giolitto as a paid Director of OSUC in the 2007 OSUC Annual report submitted to the IURC.
- 6) Questionable fair treatment of customers regarding lawsuits related to payment of past due, prior unpaid or unbilled amounts dating from the time of previous ownership. Multiple customers have been sued in Small Claims Court for collection, while one customer, who is a direct relative of Charles Beacham, was not sued for unpaid amounts.
- 7) Question as to whether the financial information provided by OSUC to the Indiana Utility Regulatory Commission for 2006 and 2007 is complete and accurate.

As concerned customers of Old State Utility Corporation and residents of Vanderburgh County, Indiana, we, the undersigned, do hereby petition the Indiana Utility Regulatory Commission to:

- 1) Investigate Old State Utility Corporation as to whether any Indiana Utility Regulatory Commission statutes have been violated;
- 2) Provide assistance to facilitate transfer of Old State Utility Corporation customer services to Evansville Waterworks as was the original objective as stated by Charles Beacham.
- 3) Provide assistance (legal council or otherwise) to ensure repair and maintenance is performed by OSUC in a timely manner to keep the sewer functioning; and
- 4) Protect against any future rate increases designed to repay the outstanding balances owed to Old State Utility Corporation's creditors. These amounts could and should have been paid with the revenues generated from the customer base.

Furthermore, should the Commission determine that the findings of this investigation warrant such a measure, we do hereby request amendment or revocation of the certificate of territorial authority as entrusted to Old State Utility Corporation.

**Old State Utility Corporation Customer Signatures for Petition Follow on Attached Pages**

Customer Petition to the Indiana Utility Regulatory Commission to Investigate  
Old State Utility Corporation of Vanderburgh County, IN - Dated: October 2, 2008

Old State Utility Corporation Customer Signatures for Petition  
I have read and support the above named petition

Signature	Date Signed	First Name	Last Name	address	street	city	ST	ZIP
		David	Addington	6406	Alameda Drive	Evansville	IN	47711
<i>Charles Ahlf</i>	10/2/08	Charles	Ahlf	6911	Old State Road	Evansville	IN	47711
<i>Tanya Alton</i>		Tanya	Alton	6811	Pinehurst Drive	Evansville	IN	47711
<i>Lead Elder</i>	10/2/08	First 7th Day Adventist Church	Attn: church treasurer	5007	Big Cynthiana Road	Evansville	IN	47720
<i>Michael Baker</i>		Michael	Baker	6664	Briar Court	Evansville	IN	47711
<i>Ronald Baker</i>	10-2-08	Ronald	Baker	7010	Pinehurst Drive	Evansville	IN	47711
<i>Robert Ballard</i>	10-2-08	Robert	Ballard	7145 and 7147	Pinehurst Drive	Evansville	IN	47711
<i>Matthew Barteck</i>		Matthew	<del>Barteck</del>	6801	Old State Road	Evansville	IN	47711
		Ruth	Baughn	6513	Old State Road	Evansville	IN	47711
<i>Darren Baumberger</i>	10-2-08	Darren	Baumberger	5000	Pinehurst Drive	Evansville	IN	47711
		Beverly	Beacham	301	LaDonna Blvd	Evansville	IN	47711
<i>Peggy Bray</i>	10-2-08	Peggy	Bray	307	LaDonna Blvd	Evansville	IN	47711
<i>John Brazelton</i>		John	Brazelton	6912	Pinehurst Drive	Evansville	IN	47711
		Jody	Bruce	116	Petersburg Road	Evansville	IN	47711
		Sandra	Bruno	7024	Briar Court	Evansville	IN	47711
<i>Tim Burklow</i>	10-2-08	Tim	Burklow	6016	Feltman Drive	Evansville	IN	47711

Customer Petition to the Indiana Utility Regulatory Commission to Investigate  
Old State Utility Corporation of Vanderburgh County, IN - Dated: October 2, 2008

Old State Utility Corporation Customer Signatures for Petition  
I have read and support the above named petition

Signature	Date Signed	First Name	Last Name	address	street	city	ST	ZIP
			C/O FC Tucker Commercial (attn: Lisa Daughterly)					
		Gaylord & Sunshine		7820	Eagle Crest Blvd	Evansville	IN	47715
<i>Dan Cartwright</i>	<i>10/4/08</i>	Daniel	Cartright	6908	Briar Court	Evansville	IN	47711
		Doug	Chambliss	207	Bob Court	Evansville	IN	47711
		Curt	Chapman	6850	Briar Court	Evansville	IN	47711
<i>Margaret Cheaney</i>		James	Cheany	6705	Pinehurst Drive	Evansville	IN	47711
		Kerry	Coates	6970	Briar Court	Evansville	IN	47711
<i>Tom Corcoran</i>	<i>10/2/08</i>	Tom	Corcoran	110	LaDonna Blvd	Evansville	IN	47711
<i>Jeff Cox</i>	<i>10/6/08</i>	Jeff	Cox	6920	Pinehurst Drive	Evansville	IN	47711
		Charles	Croyle	6525	Old State Road	Evansville	IN	47711
		Danielle	Day	PO Box 9014		Evansville	IN	47724
		Kathy	Decker	200	Bob Court	Evansville	IN	47711
		Steve	Dedmond	6409	Old State Road	Evansville	IN	47711
<i>Graham Draughon</i>	<i>10-2-08</i>	Graham	Draughon	306	LaDonna Blvd	Evansville	IN	47711
<i>Kerry Dubuque</i>	<i>10-2-08</i>	Kerry	Dubuque	6020	Feltman Drive	Evansville	IN	47711
		Lonny	Dus	6219	Ward Road	Evansville	IN	47711
<i>Emma M Dyson</i>	<i>10-2-08</i>	Kenneth	Dyson	6107	Feltman Drive	Evansville	IN	47711
<i>Teddy Edwards</i>	<i>10-2-08</i>	Teddy	Edwards	6810	Pinehurst Drive	Evansville	IN	47711

Customer Petition to the Indiana Utility Regulatory Commission to Investigate  
Old State Utility Corporation of Vanderburgh County, IN - Dated: October 2, 2008

Old State Utility Corporation Customer Signatures for Petition  
I have read and support the above named petition

Signature	Date Signed	First Name	Last Name	address	street	city	ST	ZIP
		Laura	Eger	6026	Feltman Drive	Evansville	IN	47711
<i>Robert Elliott</i>		Bob	Elliot	300	LaDonna Blvd	Evansville	IN	47711
<i>Fred Emerson</i>	10-2-08	Fred	Emerson	7225	Old State Road	Evansville	IN	47711
		Michael	Erwin	313	LaDonna Blvd	Evansville	IN	47711
<i>Opal Harrison</i>		Opal	Farmer-Harrison	121	Kirk Court	Evansville	IN	47711
		Dennis	Flora	7111	Old State Road	Evansville	IN	47711
		Dan	Fonner	206	Bob Court	Evansville	IN	47711
<i>Jane E. Spring</i>	10/2/2008	Jane	Friona	207	LaDonna Blvd	Evansville	IN	47711
<i>Lori Fuller</i>	10/7/08	Lori	Fuller	6801	Pinehurst Drive	Evansville	IN	47711
<i>Harry George, Jr.</i>	10-2-08	Harry	George, Jr.	6700	Pinehurst Drive	Evansville	IN	47711
<i>Nancy Gibson</i>	10-6-08	Nancy	Gibson	7210	Pinehurst Drive	Evansville	IN	47711
<i>Bob Giolitto</i>		Bob	Giolitto	6919	Pinehurst Drive	Evansville	IN	47711
<i>Bruce Gooch</i>	10-2-09	Bruce	Gooch	7249	Old State Road	Evansville	IN	47711
<i>Gerald Green</i>	10-4-08	Gerald	Green	223	LaDonna Blvd	Evansville	IN	47711
		Jon	Hamby	5900	Feltman Drive	Evansville	IN	47711
<i>William Hardesty</i>	10-2-08	William	Hardesty	6994	Briar Court	Evansville	IN	47711
<i>James Harrington</i>	10-2-08	James	Harrington	116	LaDonna Blvd	Evansville	IN	47711
<i>Dan T. Hawes</i>	10-10-08	Dan T.	Hawes	201	LaDonna Blvd	Evansville	IN	47711
		Bob	Heuer	306	Bob Court	Evansville	IN	47711

Customer Petition to the Indiana Utility Regulatory Commission to Investigate  
Old State Utility Corporation of Vanderburgh County, IN - Dated: October 2, 2008

Old State Utility Corporation Customer Signatures for Petition  
I have read and support the above named petition

Signature	Date Signed	First Name	Last Name	address	street	city	ST	Signature
		John	Heuman	6724	Briar Court	Evansville	IN	47711
<i>Gregory Hillenbrand</i>	10/2/08	Gregory	Hillenbrand	7015	Pinehurst Drive	Evansville	IN	47711
<i>Francine Howard</i>	10/2/08	Francine	Howard	213	Bob Court	Evansville	IN	47711
<i>Erik Howard</i>	10/11/08	Erik	Howard	6601	Old State Road	Evansville	IN	47711
		Molly	Hyde	6821	Old State Road	Evansville	IN	47711
		Wes	Ivy	7119	Old State Road	Evansville	IN	47711
<i>Chad Johnson</i>		Chad	Johnson	6713	Pinehurst Drive	Evansville	IN	47711
<i>Leon Jones</i>	10-2-08	Leon	Jones	6905	Old State Road	Evansville	IN	47711
<i>Wayne Kinch</i>	10-2-08	Wayne	Kinch	6721	Old State Road	Evansville	IN	47711
<i>Keith King</i>	10-2-08	Keith	King	6703	Pinehurst Drive	Evansville	IN	47711
<i>Robert Kolb, Jr.</i>	10-6-08	Robert	Kolb, Jr.	6819	Pinehurst Drive	Evansville	IN	47711
<i>Tom Krochta</i>		Tom	Krochta	6816	Briar Court	Evansville	IN	47711
<i>Duane Lane</i>	10/5/08	Duane	Lane	320	LaDonna Blvd	Evansville	IN	47711
<i>Ed Lemar</i>	10/2/08	Edward	Lemar	6101	Feltman Drive	Evansville	IN	47711
		Lori	Lemond	6612	Pinehurst Drive	Evansville	IN	47711
<i>Jeff Light</i>	10/6/08	Jeff	Light	7000	Pinehurst Drive	Evansville	IN	47711
		Jim	Lockard	6731	Old State Road	Evansville	IN	47711
<i>Billie Mace</i>	10/2/08	Billie R.	Mace	7001	Pinehurst Drive	Evansville	IN	47711
<i>Jane Maher</i>	10/11/08	Jane	Maher	6313	Old State Road	Evansville	IN	47711
<i>Albert Market</i>		Albert	Market	212	LaDonna Blvd	Evansville	IN	47711

Customer Petition to the Indiana Utility Regulatory Commission to Investigate  
Old State Utility Corporation of Vanderburgh County, IN - Dated: October 2, 2008

Old State Utility Corporation Customer Signatures for Petition  
I have read and support the above named petition

Signature	Date Signed	First Name	Last Name	address	street	city	ST	ZIP
		Deborah J.	Marshand	7019	Old State Road	Evansville	IN	47711
<i>Sam Martin</i>	10-2-08	Sam	Martin	7231	Pinehurst Drive	Evansville	IN	47711
<i>Thomas May</i>	10-2-08	Thomas	May	113	LaDonna Blvd	Evansville	IN	47711
<i>Nancy McGuyer</i>	10/4/08	Nancy	McGuyer	212	Lorsheina Drive	Evansville	IN	47711
		Darrel	McNight	6694	Briar Court	Evansville	IN	47711
<i>Thomas Melchior</i>	10/2/08	Thomas	Melchior	6901	Old State Road	Evansville	IN	47711
<i>Don Merle</i>	10-6-08	Don	Merle	7018	Pinehurst Drive	Evansville	IN	47711
<i>Agnes J. Miller</i>		Paul Agnes	Miller	6400	Alameda Drive	Evansville	IN	47711
<i>Anthony J. Miller</i>	10/2/08	Anthony	Miller	7203	Old State Road	Evansville	IN	47711
<i>John P. Mohn</i>		John	Mohn	6756	Briar Court	Evansville	IN	47711
<i>John Nicholson</i>		John	Nicholson	7009	Old State Road	Evansville	IN	47711
<i>Donald C. Nordhorn</i>	10-2-08	Donald	Nordhorn	6501	Old State Road	Evansville	IN	47711
<i>Shirley Parish</i>	10/6/08	Shirley	Parish	207	Lorsheina Drive	Evansville	IN	47711
<i>Keith Peak</i>	10/8/08	Keith	Peak	6609	Pinehurst Drive	Evansville	IN	47711
<i>Dan Priddy</i>	10-2	Dan	Priddy	101	Kirk Court	Evansville	IN	47711
<i>LaDonna Ramsey</i>	10-2-08	LaDonna	Ramsey	7115	Pinehurst Drive	Evansville	IN	47711
<i>EMPTY LOT (NO ANSWER)</i>		Charles	Renfro	7217	Pinehurst Drive	Evansville	IN	47711
<i>Patrick Schaefer</i>	10-5-08	Patrick	Schaefer	112	Kirk Court	Evansville	IN	47711
<i>Ken Scheller</i>	10-5-08	Ken	Scheller	225	LaDonna Blvd	Evansville	IN	47711
<i>Christopher Schmidt</i>	10/2/08	Christopher	Schmidt	201	Lorsheina Drive	Evansville	IN	47711



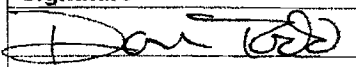
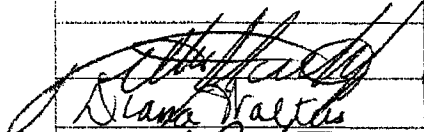
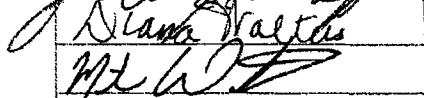
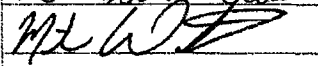
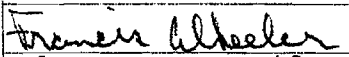
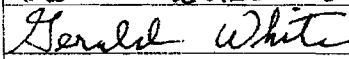
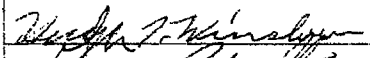
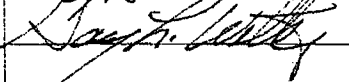
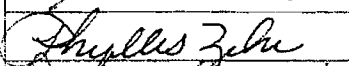
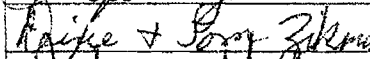
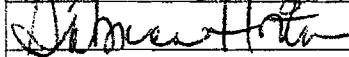
Customer Petition to the Indiana Utility Regulatory Commission to Investigate  
Old State Utility Corporation of Vanderburgh County, IN - Dated: October 2, 2008

Old State Utility Corporation Customer Signatures for Petition  
I have read and support the above named petition

Signature	Date Signed	First Name	Last Name	address	street	city	ST	ZIP
		John	Schmidt	6618	Pinehurst Drive	Evansville	IN	47711
		William	Schreiber	6800	Pinehurst Drive	Evansville	IN	47711
<i>Mr. and Mrs. Linda &amp; Herb</i>		John	Schultz	6708	Pinehurst Drive	Evansville	IN	47711
<i>William Schultz</i>	10/2/08	William	Schulz	6305	Old State Road	Evansville	IN	47711
<i>William J. Schreier</i>	10/2/08	William	Seibert	212	Bob Court	Evansville	IN	47711
		Robert	Shearer	7801	Greenbriar Drive	Evansville	IN	47711
		Jim	Siemers	6405	Old State Road	Evansville	IN	47711
<i>Harry L. Surt</i>		Gary	Smith	6615	Pinehurst Drive	Evansville	IN	47711
		Ralph	Smith	6719	Pinehurst Drive	Evansville	IN	47711
<i>Cindy Snyder</i>		Cindy	Snyder	6000	Feltman Drive	Evansville	IN	47711
<i>Thomas Somers</i>		Thomas	Somers	230	LaDonna Blvd	Evansville	IN	47711
<i>Walter Soyugenc</i>		Rahmi	Soyugenc	119	LaDonna Blvd	Evansville	IN	47711
		Becky	Steckler	6010	Feltman Drive	Evansville	IN	47711
		Jeff	Steckler	6718	Pinehurst Drive	Evansville	IN	47711
<i>Gregory Strong</i>		Gregory	Strong	6880	Briar Court	Evansville	IN	47711
<i>Leroy Sweeney</i>		Leroy	Sweeney	200	Lorsheina Drive	Evansville	IN	47711
		Ralph	Tate	6673	Old State Road	Evansville	IN	47711
		Ernest	Taylor	6634	Briar Court	Evansville	IN	47711
<i>Barbara Taylor</i>		Harold	Taylor	6602	Pinehurst Drive	Evansville	IN	47711
<i>J. Thomas</i>		Jeff	Thomas	224	Bob Court	Evansville	IN	47711

Customer Petition to the Indiana Utility Regulatory Commission to Investigate  
Old State Utility Corporation of Vanderburgh County, IN - Dated: October 2, 2008

Old State Utility Corporation Customer Signatures for Petition  
I have read and support the above named petition

Signature	Date Signed	First Name	Last Name	address	street	city	ST	ZIP
	10/2/08	Don	Todd	6621	Old State Road	Evansville	IN	47711
		Kent	Todisco	6940	Briar Court	Evansville	IN	47711
		Keith	Traphagen	6412	Alameda Drive	Evansville	IN	47711
	10-6-08	William	Vukovich	2032	Championship Drive	Evansville	IN	47711
	10-2-08	Diana	Walters	6417	Old State Road	Evansville	IN	47711
		Gayle	Waters	6911	Pinehurst Drive	Evansville	IN	47711
		Al	Welsch	749	Lancaster Court	Evansville	IN	47711
	10-2-08	Francis	Wheeler	6603	Old State Road	Evansville	IN	47711
		Gerald	White	206	Lorsheina Drive	Evansville	IN	47711
	10-2-08	Hugh	Winslow	6901	Pinehurst Drive	Evansville	IN	47711
	10-02-08	Gary	Witty	6786	Briar Court	Evansville	IN	47711
		Betty	Wright	122	Kirk Court	Evansville	IN	47711
	10/2/08	Stephen	Zehr	6413	Alameda Drive	Evansville	IN	47711
	10/1/08	Raife	Zikmund	218	Bob Court	Evansville	IN	47711
		<del>SABRINA</del> Horton	Horton	6818	Pinehurst Drive	Evansville	IN	47711
		VACANT		6424	Alameda Drive	Evansville	IN	47711

**Daniels, Sandy**

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**From:** Haeny, Kathleen  
**Sent:** Wednesday, December 03, 2008 8:53 AM  
**To:** Daniels, Sandy  
**Subject:** FW: COMPLAINT AGAINST SHADY HILLS UTILITY CORP.

Please see the 3 messages, below, received while I was out of the office.

Kathy

-----Original Message-----

**From:** CECELIA /BILL/SCHULZ [mailto:bs2cs@evansville.net]  
**Sent:** Sunday, November 23, 2008 4:18 PM  
**To:** Haeny, Kathleen  
**Subject:** COMPLAINT AGAINST SHADY HILLS UTILITY CORP.

SORRY, MY COMPLAINT IN NOT AGAINST SHADY HILLS NEIGHBORHOOD ASSOCIATION, BUT RATHER AGAINST OLD STATE UTILITY & CHARLES BEECHAM.  
MRS. WM. SCHULZ

----- Forward message -----

**Date:** Sat, 22 Nov 2008 08:33:16 -0600 (CST)  
**From:** "CECELIA /BILL/SCHULZ" <bs2cs@evansville.net>  
**To:** khaeny@oucc.IN.gov  
**Subject:** RE: COMPLAINT AGAINST SHADY HILLS NEIGHBORHOOD ASSOCIATION (fwd)

KATHLEEN HANEY, I MADE AN ERROR IN REPORTING 80% (SEE BELOW). OUR BILL IS CURRENTLY \$40.97 AND MR. CHARLES BEECHAM OF OLD STATE UTILITY CORP IS ATTEMPTING TO RAISE IT TO ALMOST \$61.00. WE WOULD LIKE OLD STATE UTILITY CORP INVESTIGATED.  
MR. & MRS. WILLIAM SCHULZ

----- Forward message -----

**Date:** Fri, 21 Nov 2008 15:56:11 -0600 (CST)  
**From:** "CECELIA /BILL/SCHULZ" <bs2cs@evansville.net>  
**To:** khaeny@oucc.IN.gov  
**Subject:** RE: COMPLAINT AGAINST SHADY HILLS NEIGHBORHOOD ASSOCIATION

KATHLEEN HAENY,  
AGAIN WE RECEIVED ANOTHER LETTER INFORMING US THAT AN ATTEMPT TO RAISE OUR SEWER RATES BY 80% HAS BEGUN. WE WOULD LIKE THIS MATTER OF THE OLD STATE UTILITY TO BE INVESTIGATED.

WILLIAM & CECELIA SCHULZ 6305 OLD STATE RD. EVANSVILLE, IN 47710

----- Forward message -----

Date: Thu, 16 Oct 2008 09:30:20 -0400  
From: "Haeny, Kathleen" <khaeny@oucc.IN.gov>  
To: "WILLIAM SCHULZ" <bs2cs@evansville.net>  
Subject: RE: website complaint form inquiry

Mr. Schulz,

Thank you for your email regarding Old State Utility. Our Consumer Services staff is reviewing your message and will share it with other appropriate staff in our office.

Sincerely,

Kathleen Haeny  
Consumer Services  
OUCC=20

-----Original Message-----

From: WILLIAM SCHULZ [mailto:bs2cs@evansville.net]=20  
Sent: Monday, October 13, 2008 5:08 PM  
To: UCC Consumer Info  
Subject: website complaint form inquiry

name: WILLIAM SCHULZ  
email: bs2cs@evansville.net  
address: 6305 Old State Rd.=20  
city: Evansville  
state: IN  
zip: 47710

county\_residence: Vanderburgh  
phone: 812-867-2900  
evening\_phone: 812-479-8711

other\_phone: 812-204-6305

time\_to\_call: Anytime

utility\_company: Old State Utility Corp.=20

account\_name: Yes

whos\_account\_name: =20

account\_address: Yes

whos\_account\_address: =20

problem: We have been making payments monthly to Old State Utility Corp. in the amount of \$40.79. Old State Utility Corp. has not paid the city of Evansville, Indiana for their sewer use.=20 Old State Utility has now filed for bankruptcy owing the city of Evansville over \$100,000.00

Old State Utility now wishes to raise the monthly sewer fees to nearly \$70.00 to cover their delinquent payments. =20

contact\_company: Yes

what\_company\_done: Nothing, but threaten to raise our rates. =20

what\_want\_oucc\_todo: 1. Investigate Old State Utility Corp. as to whether any Indiana Utility regulatory commission statutes have been violated.

2. Provide assistance to facilitate transfer of Old State Utility Corp.

customer services to Evansville Waterworks as was the original objective as stated by Charles Beacham.

3. Provide assistance "Legal Council" or otherwise to ensure repair and maintenance is performed by Old State

Utility in a timely mannerto keep the sewer functioning.

4. Protect against any future rate increases designed to repay theoutstanding balances owed to Old State Utility Corporations creditors. The amounts could and should have been paid with the revenues generated from the customer base.

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FIELDS NOT DEFINED IN THE TEMPLATE FOLLOW  
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**Daniels, Sandy**

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**From:** Haeny, Kathleen  
**Sent:** Monday, May 11, 2009 7:09 AM  
**To:** Daniels, Sandy  
**Subject:** FW: Customer Concern Relative to Old State Utility

FYI – In checking our DB, this consumer already submitted comments under the name Mr. & Mrs. Keith King. (same address) Don't know if that makes a difference to your filing but wanted to make you aware.

Kathy

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**From:** Shady Hills Neighborhood Association [mailto:shadyhillsindiana@gmail.com]  
**Sent:** Friday, May 08, 2009 8:55 AM  
**To:** Haeny, Kathleen  
**Subject:** Customer Concern Relative to Old State Utility

Kathleen,

Below is an email I received from one of my neighbors who is also an Old State Utility customer. Can you please pass this along to Anthony Swinger and others who may be able to use it to help in our effort against the current OSUC rate increase request and business practices.

Thanks. I will try to call today to see if I can get some update as to where the process stands.

Graham  
Graham K. Draughon  
812.449.5187

Graham,

I am Charleen King. I live at 6703 Pinehurst Drive. I wanted to give you some information regarding sewer line work behind my property. We replaced our entire sewer line on our property last year. This spring the sewer backed in our home, AGAIN. Hydromax/ RotoRooter found the cause to be blockage in the main line behind our property. We paid them for the service call and work for fear that if we did not pay them and had problems again they might hesitate to come out. I forwarded the paid invoice to OSUC with a letter asking that we be reimbursed. I copied Hydromax. Of course we got absolutely no response from OSUC. A month later the sewer backed up in our home again. Hydromax came out and told us they informed Mr Beachem that the main line was completely full of roots and blockage and partly collapsed. However, Mr Beachem said there was no money for repairs. They unblocked the line to make the sewage run away from our home and on down(???) at no charge. About a week later they came out and replaced several feet of the main line. This required taking down our fence and cutting down a tree on our property. My husband was out there when they dug up the old line. It was mostly just pieces and huge, tangled roots balls. The man working the bulldozer that day told my husband that OSUC was trying to get a grant to fund repairs to the sewer line, however at this time OSUC owes Hydromax over \$10,000 and no further work will be done until something is paid towards that balance. This past Thursday we awoke to sewage running up through our downstairs bath and once again through our basement. We called Hydromax/RotorRooter. They came out and unblocked the main line. They said it is

collapsing down the line and and is full of roots and growth. We call OSUC but get no where. Thank heavens this RotoRooter service is sympathetic enough to help us. Just wanted to share that information, for what it is worth. Of course the information from the Hydromax workers is just "here-say" ...but probably pretty accurate! Any ideas or suggestions to help us would be appreciated. Thanks for your diligent work with this OSUC issue. I know I speak for several of my neighbors when I say THANK YOU and we appreciate you!

Charleen King